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SEPT. 1, 2004

BEFORE THE BOARD OF MILK CONTROL
OF THE STATE OF MONTANA
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



STATE DOCUMENTS COLLECTION

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SEP 01 2004

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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%

\$16.49 /CWT

CLASS I BUTTERFAT PRICE PER POUND

\$1.81 /LB

EFFECTIVE OCTOBER 1, 2004:

The minimum price to pay milk producers, under ARM 32.24.301, is \$16.49 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 18.1 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.81.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%

\$12.39 /CWT

Average spray process dry milk solids
price per pound = \$0.88250
Multiplied by 8.2 x 8.2

\$7.23650

\$7.23650

Last quote of the month for Grade AA butter
minus a differential of \$.0895 = \$1.50050
Multiplied by 4.2 x 4.2

\$6.30210

+ \$6.30210

LESS a make allowance of 8.5% (\$13.5386 X .085)

\$13.53860

- \$1.15078

\$12.38782

Rounded to the nearest whole cent = \$12.39 /hundredweight

CLASS II BUTTERFAT PRICE PER POUND**\$1.67 /LB**

Last quote of the month for Grade AA butter				
minus a differential of \$.0895	=	\$1.50050	X .111)	=
Rounded to the nearest half cent				=
				\$0.16656
				\$0.167

Butterfat value per pound	
for milk at 3.5% test:	\$1.67

Hundredweight price of milk testing 3.5%	=	\$12.39
LESS 3.5 pounds of butterfat at	\$1.67 per pound	-
Value of 96.5 pounds of skim		=
		\$6.545

CLASS II VALUE OF			
ONE POUND OF SKIM		6.545 / 96.5 pounds)	=
			\$0.06782 /LB

PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%**\$10.52 /CWT**

3.5 pounds of butterfat	\$1.35	per pound =	\$4.725
96.5 pounds of skim	\$0.06006	per pound =	\$5.796
			\$10.521 /CWT

CLASS III BUTTERFAT PRICE PER POUND**\$1.35 /LB**

Last quote of the month for Grade AA butter	
minus a difference of \$.0895	=
LESS 10%	-
	\$1.50050
	\$0.15005
	\$1.35045

Rounded to the nearest whole cent	=	\$1.35 per pound.
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CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED**\$6.00630 /CWT**

Avg. spray process dry milk solid price/lb :	\$0.88250
Multiplied by 8.2	8.2
	\$7.23650
LESS 17%	\$1.23021
	\$6.00630

Rounded to the nearest whole cent	\$6.01 per hundredweight.
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BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by:

Monte Nick
 Monte Nick, Bureau Chief
 Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$16.49 FOR 3.5% MILK 96.5 LBS = \$10.155		CLASS II SKIM PRICE BASED ON \$12.39 FOR 3.5% MILK 96.5 LBS = \$6.545		CLASS III SKIM PRICE BASED ON \$10.52 FOR 3.5% MILK 96.5 LBS = \$5.796	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.10415	2.50	\$0.06713	2.50	\$0.05945
2.55	\$0.10421	2.55	\$0.06716	2.55	\$0.05948
2.60	\$0.10426	2.60	\$0.06720	2.60	\$0.05951
2.65	\$0.10431	2.65	\$0.06723	2.65	\$0.05954
2.70	\$0.10437	2.70	\$0.06727	2.70	\$0.05957
2.75	\$0.10442	2.75	\$0.06730	2.75	\$0.05960
2.80	\$0.10448	2.80	\$0.06734	2.80	\$0.05963
2.85	\$0.10453	2.85	\$0.06737	2.85	\$0.05966
2.90	\$0.10458	2.90	\$0.06740	2.90	\$0.05969
2.95	\$0.10464	2.95	\$0.06744	2.95	\$0.05972
3.00	\$0.10469	3.00	\$0.06747	3.00	\$0.05975
3.05	\$0.10474	3.05	\$0.06751	3.05	\$0.05978
3.10	\$0.10480	3.10	\$0.06754	3.10	\$0.05982
3.15	\$0.10485	3.15	\$0.06758	3.15	\$0.05985
3.20	\$0.10491	3.20	\$0.06761	3.20	\$0.05988
3.25	\$0.10496	3.25	\$0.06765	3.25	\$0.05991
3.30	\$0.10502	3.30	\$0.06768	3.30	\$0.05994
3.35	\$0.10507	3.35	\$0.06772	3.35	\$0.05997
3.40	\$0.10512	3.40	\$0.06775	3.40	\$0.06000
3.45	\$0.10518	3.45	\$0.06779	3.45	\$0.06003
3.50	\$0.10523	3.50	\$0.06782	3.50	\$0.06006
3.55	\$0.10529	3.55	\$0.06786	3.55	\$0.06009
3.60	\$0.10534	3.60	\$0.06789	3.60	\$0.06013
3.65	\$0.10540	3.65	\$0.06793	3.65	\$0.06016
3.70	\$0.10545	3.70	\$0.06796	3.70	\$0.06019
3.75	\$0.10551	3.75	\$0.06800	3.75	\$0.06022
3.80	\$0.10556	3.80	\$0.06804	3.80	\$0.06025
3.85	\$0.10562	3.85	\$0.06807	3.85	\$0.06028
3.90	\$0.10567	3.90	\$0.06811	3.90	\$0.06031
3.95	\$0.10573	3.95	\$0.06814	3.95	\$0.06034
4.00	\$0.10578	4.00	\$0.06818	4.00	\$0.06038
4.05	\$0.10584	4.05	\$0.06821	4.05	\$0.06041
4.10	\$0.10589	4.10	\$0.06825	4.10	\$0.06044
4.15	\$0.10595	4.15	\$0.06828	4.15	\$0.06047
4.20	\$0.10600	4.20	\$0.06832	4.20	\$0.06050
4.25	\$0.10606	4.25	\$0.06836	4.25	\$0.06053
4.30	\$0.10611	4.30	\$0.06839	4.30	\$0.06057
4.35	\$0.10617	4.35	\$0.06843	4.35	\$0.06060
4.40	\$0.10622	4.40	\$0.06846	4.40	\$0.06063
4.45	\$0.10628	4.45	\$0.06850	4.45	\$0.06066
4.50	\$0.10634	4.50	\$0.06853	4.50	\$0.06069

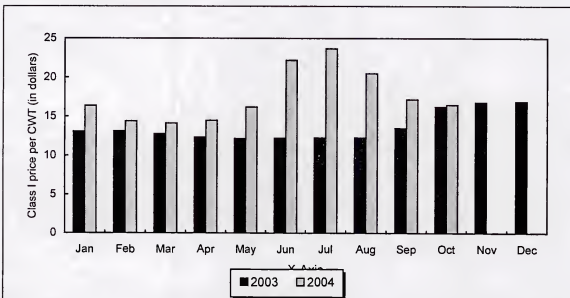
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2003 and 2004

Statistics from the Montana Milk Control Bureau

Month	2003	2004	Difference	% Change
January	\$13.07	\$16.39	\$3.32	25.40%
February	\$13.11	\$14.40	\$1.29	9.84%
March	\$12.78	\$14.14	\$1.36	10.64%
April	\$12.36	\$14.49	\$2.13	17.23%
May	\$12.19	\$16.19	\$4.00	32.81%
June	\$12.26	\$22.20	\$9.94	81.08%
July	\$12.29	\$23.68	\$11.39	92.68%
August	\$12.32	\$20.50	\$8.18	66.40%
September	\$13.52	\$17.17	\$3.65	27.00%
October	\$16.26	\$16.49	\$0.23	1.41%
November	\$16.82			
December	<u>\$16.92</u>			
Average	\$13.66	\$17.57	\$4.55	36.45%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

JULY 2004: class I = \$12.71; class II = \$2.51; Class III = \$3.63; total = \$18.85

(calculations based upon utilization percentages of butterfat & skim)